

should be tariffed, and not provided pursuant to contracts. DRA states that LISA does not provide interconnection to other LEC services such as 911 or operator services, which CLCs must provide to their end users.

DRA also notes that the proposed new section in the 175-T tariff contains a general statement that the regulations, rates, and charges in other portions of the tariff may be applicable, but does not specify what other regulations, rates, and charges will be applicable.

DRA recommends that any interconnection services contracts in existence as of January 1, 1996, should be converted to tariffed arrangements.

FEA

FEA agrees with the Coalition that negotiation is favored as the means of developing interconnection arrangements as opposed to tariffing, particularly given the competitive environment in which such arrangements will be implemented. FEA believes the contentiousness surrounding competitive local exchange interconnection is not due to technical issues which are new to California. Rather, the contentiousness is due to the fact that each advantage given to a competitor represents a matching disadvantage on oneself. FEA believes the adoption of tariffs would prove too unwieldy and limit parties' flexibility to negotiate different terms if circumstances change. Thus, FEA believes the Commission should create an environment conducive to negotiation and that adopted rules should serve only as a fallback mechanism.

b. Discussion

In order for the adopted interconnection rules to be successful in achieving the goal of promoting a competitive marketplace, certain underlying principles must be observed. A threshold issue to be resolved is whether tariffs should be required for CLCs to enter into interconnection arrangements with a

LEC. The manner in which we develop interim rules for interconnection will be influenced by the answer to this question. Given our stated goal of fostering an environment conducive to the development of a competitive market, we conclude, on balance, that negotiated contracts offer a superior alternative to tariffing of interconnection services.

The traditional tariffing paradigm comports with a monopoly model where command and control regulation is used. Moreover, as an initial step in devising rules for local exchange network interconnection, we directed Pacific and GTEC to file proposed interconnection tariffs for comment. Nonetheless, in recognition of the inflexibility and inefficiency of Pacific's tariff, we now conclude that in the newly emerging competitive world of multiple providers, interconnection should be arranged under contract rather than tariff.

Allowing competitors to negotiate contracts will have several benefits over tariffs. A more level playing field is created when prospective competitors are able to negotiate their own terms and conditions for interconnection with co-carrier status subject to appropriate Commission rules and guidelines. Contracts will afford LECs and CLCs greater opportunity to negotiate flexible interconnection agreements to meet the needs of both parties. We expect contracts will lead to an overall increase in efficient utilization of the combined CLC and LEC interconnection facilities and, therefore, lead to more economic interconnection than would a more rigid tariff structure. Contracts will allow parties to more readily deploy new technologies as they become available.

We are aware that all parties have concerns about negotiating contracts. In an unstructured negotiation, the Coalition believes that the LECs have too much negotiating power. In contrast, the LECs find that the Coalition's proposed rules tip the negotiating power too far in the CLCs' favor. To balance these concerns, we will adopt rules which prescribe a set of "preferred

outcomes." These preferred outcomes are based on parties' comments about what technical features lead to the most efficient and economic interconnection solutions. Appendix A of this decision provides a summary display of our preferred outcomes with respect to the major interconnection disputes at issue. The rationale for these outcomes is discussed in the following sections. In approving interconnection contracts, Commission staff will consider how well a contract achieves the "preferred outcomes," but will not reject mutually agreeable contracts that do not contain preferred outcomes and which are not unduly discriminatory and anticompetitive. We are aware that parties may find alternatives to the "preferred outcomes" that are more efficient and/or economic to their particular situation. We will approve contracts that do not contain the "preferred outcomes" if the contract is mutually agreeable and passes other Commission guidelines outlined below. Parties shall submit those agreements to the Commission and explain why their terms should be adopted.

In addition to providing efficient and economic solutions, the "preferred outcomes" balance the negotiating power of LECs and CLCs which should result in both parties pursuing a solution that is least cost for the total interconnection costs of both parties. A solution that may be more economical for one carrier may not be appropriate if it results in an even greater inefficiency for its competitor.

Many parties are concerned that negotiations are a good solution only when parties can reach agreement in a reasonable time period. Negotiations are less productive when parties delay for strategic reasons, and we are aware that CLCs and LECs are potential competitors and either party could have reason to stall the process. In response to this shortcoming of negotiations, we are establishing an expedited dispute resolution procedure to handle both situations where parties cannot agree on an interconnection arrangement and situations where parties have potentially breached their interconnection contract. This process will expeditiously resolve disputes between parties to assure the

Commission's goal of competition is not obstructed. As discussed below, we shall assign an ALJ to facilitate the resolution of disputes. We shall direct the ALJ to use our preferred outcomes as guidelines in resolving disputes.

While adopting a negotiation model as the basis for interconnection, we do not abdicate our role as regulators responsible for assurance that the terms and conditions of such agreements are consistent with the public interest.

We remain concerned about the potential for unfair discrimination. With the proper safeguards in place to review and approve LEC/CLC interconnection contracts, however, we believe that concerns regarding discriminatory practices can be reasonably addressed. We place parties on notice that we will review proposed interconnection contracts for unfair discriminatory terms and will deny approval or direct parties to renegotiate any unfairly discriminatory or otherwise unreasonable terms where necessary. Upon reaching agreement on the terms of interconnection, parties to the agreement shall file the agreement via advice letter with the Commission for expedited review and approval.

We appreciate that much work has gone into the interconnection provisioning proposed in the LECs' tariffs, and believe that much of the technical interconnection features discussed in the tariffs will readily lend themselves to implementation under contract as well as tariff. Accordingly, we direct all parties to negotiate in good faith. Moreover, we agree that certain essential services as noted by Citizens must be provided in conjunction with interconnection and may still be appropriately offered under tariff rather than contract. These services include busy line verify/emergency interrupt, and LECs' inclusion of CLC customer listings in directory assistance data bases. We shall direct the LECs to provide these services to CLCs under mutually agreeable terms and conditions. We shall permit the LECs to offer these services either under tariff or by contract on

an interim basis, pending further determination in our Phase II rules.

2. Points of Interconnection

Parties' Positions

Parties disagree over the respective rights and obligations of the LECs and CLCs regarding the determination of the location of and number of points of interconnection (POI) by each party.

Pacific

Pacific believes each interconnecting party should be allowed to select its POI for terminating its own traffic on the other's network. Pacific generally agrees that CLCs may pick their POIs for terminating their traffic on Pacific's network. Pacific, however, asks that it be granted the same right. Pacific anticipates that CLCs and LECs could mutually agree on a single POI. If not, then each company should have the ability to select a POI on the other's network for the termination of traffic since CLCs will know what is efficient for them and Pacific will know what is efficient for itself. Pacific proposes that costs for the interconnection up to the facility meet point should be compensated through the payment of tariffed access service prices, that is, Pacific will pay the CLCs their tariffed rates for the interconnection, and vice versa.

GTEC

GTEC supports the Commission's Interim Rule that authorizes the LECs and CLCs to enter into mutually agreeable terms and conditions to establish both the POI and the provisioning of interconnection facilities. GTEC strongly recommends that no party be given the authority to unilaterally designate the POI since the party possessed with this power would have no incentive to ever reach a mutually agreed upon POI. GTEC is concerned that if CLCs are allowed to dictate to GTEC to construct and pay for half of the interconnection facilities, GTEC would incur huge outlays of

Appendix A

Preferred Outcomes for Interconnection Contracts

Category	Issue	Preferred Outcomes
Technical Provisions	Point of Interconnection	Parties should compensate each other for use of each others networks*
		Single, mutually agreed upon POI
		Maintenance plans with clear responsibilities and cost sharing
	One-Way versus Two-Way Trunks	Two-way trunks
		Carriers should exchange percentage local usage (PLUs) quarterly. Carriers may request audits of PLUs
		Interconnect at each access tandem in a LATA
	Signalling Protocol	SS7 is the standard. MF signalling allowed for end-offices without SS7 capability
	Bill and Keep Applicability	Bill and keep includes EAS and Zum Zone 3. 800 number, busy line verification, busy line interrupt and directory assistance are not subject to bill and keep*
Non-Technical Provisions	Confidential Information	Symmetrical rights and obligations
	Liability	Symmetrical liability for LECs and CLCs
	Termination	No unilateral power. Must provide notice and opportunity to dispute

*Note: The Commission has established an interim policy of bill and keep for call termination rates.

(End of Appendix A)

APPENDIX B

Page 1

List of Acronyms

ALI	- Automatic Location Identification
ALJ	- Administrative Law Judge
AVRU	- Automated Voice Response Unit
CACD	- Commission Advisory and Compliance Division
CCSN	- Customer Contact Services Node
CESAR	- Carrier Enhanced System for Access Requests
CLCs	- Competitive Local Carriers
Coalition	- The California Telecommunications Coalition
CPUC	- California Public Utilities Commission
D.	- Decision
DGS	- Department of General Services
DRA	- Division of Ratepayer Advocates
DRP	- Dispute Resolution Procedure
EAS	- Extended Area Service
FEA	- Federal Executive Agencies
FGD	- Feature Group D
GTEC	- GTE of California
GO	- General Order
IIHSOs	- Intercompany Interconnection Held Service Orders
IISO	- Intercompany Interconnection Service Order
INP	- Interim Number Portability
LATA	- Local Access and Transport Area
LECs	- Local Exchange Carriers

APPENDIX B

Page 2

LISA	- Local Interconnection Serving Arrangement
MFS	- Metropolitan Fiber Systems
MSAG	- Master Street Address Guide
OP	- Ordering Paragraph
ORP	- Originating Responsibility Plan
Pacific	- Pacific Bell
PLU	- Percentage Local Usage
POIs	- Points of Interconnections
PSAP	- Public Safety Answering Point
PU	- Public Utilities
RCF	- Remote Call Forwarding
RCFed	- Remote Call Forwarded
TCI	- Telephone Company Identification
TN-ESN	- Telephone Number to Emergency Service Number
TURN	- Toward Utility Rate Normalization
UCAN	- Utility Consumers Action Network

(END OF APPENDIX B)

12/20/95

APPENDIX C

Page 1

**Initial Rules for Local Exchange Service
Competition in California**

[Note: Items in Boldface type are amendments to the rules issued in D.95-07-054, Appendix A.]

1. PUBLIC POLICY PRINCIPLES AND OBJECTIVES

A. It is the policy of the California Public Utilities Commission (Commission) that competition in the provision of local exchange telecommunications services is in the public interest.

B. It is the policy of the Commission that, in an environment of competition for local exchange telecommunications services, telecommunications users shall receive ongoing disclosure of the rates, terms and conditions of service from telecommunications providers and shall benefit from a clear and comprehensive set of consumer protection rules.

C. It is the policy of the Commission that interconnection of the networks of Competitive Local Carriers (CLCs) and Local Exchange Carriers (LECs) should be accomplished in a technically and economically efficient manner.

D. It is the policy of the Commission that all telecommunications providers shall be subject to appropriate regulation designed to safeguard against anticompetitive conduct.

E. It is the policy of the Commission that service provider local number portability should be accomplished.

F. It is the policy of the Commission that networks of dominant providers of local exchange telecommunications services should be unbundled in such a manner that a carrier is provided access to essential facilities on a nondiscriminatory standalone basis.

12/20/95

APPENDIX C

Page 2

G. It is the policy of the Commission that customer privacy rights and concerns be protected in an environment of local exchange competition.

H. It is the policy of the Commission to ensure that local exchange competition does not degrade the reliability of the telecommunications network.

I. It is the policy of the Commission to encourage intercarrier coordination and cooperation.

J. It is the policy of the Commission to monitor, on a periodic basis, the market conditions of the local exchange telecommunications market and reevaluate its policies on local exchange competition accordingly.

K. It is the policy of this Commission that Commission-approved tariffs for call termination should reflect costs.

2. SCOPE OF RULES

These interim rules apply to the provision of local exchange telecommunications services by CLCs, and where applicable, LECs. LEC as used in these rules refers to only Pacific Bell and GTE California, until further action by the Commission.

12/20/95

APPENDIX C

Page 3

3. DEFINITIONS

A. CLC means a common carrier that is issued a Certificate of Public Convenience and Necessity **effective on or after January 1, 1996**, to provide local exchange telecommunications service for a geographic area specified by such carrier.

B. LEC means any incumbent carrier listed in Appendix C attached hereto.

C. Minor rate increases are those which are both less than 1% of the CLC's total California intrastate revenues and less than 5% of the affected service's rates. Increases shall be cumulative, such that if the sum of the proposed rate increase and rate increases that took effect during the preceding 12-month period for any service exceeds either parameter above, then the filing shall be treated as a major increase.

D. Major rate increases are increases which are greater than the increases described above.

E. Network component means a functional capability of a network, disaggregated from other network capabilities and made available to other carriers and end users separately from all other network capabilities.

F. Nondominant interexchange carrier (NDIEC) means an interexchange carrier that is considered nondominant under the Commission's decisions.

G. NXX Rating Point means the end office/wire center location designated in the Local Exchange Routing Guide as the assignment point for an NPA-NXX code.

H. NXX Service Area means the geographically-bounded area designated as the area within which a LEC or CLC may provide local exchange telecommunication services bearing a particular NPA-NXX designation.

I. Local telephone number portability means the ability of end users to retain their existing telephone numbers when

12/20/95

APPENDIX C

Page 4

remaining at a location, or changing their location within the geographic area served by the initial carrier's serving central office, regardless of the LEC or CLC selected.

J. Local exchange loop facility (also known as a basic level network access channel) means a transmission path capable of delivering analog voice grade signals or digital signals at less than 1.544 Mbps between the network interface at a customer's premises and the main distribution frame or any other point of interconnection to the LEC network.

K. A port (also known as a basic level network access channel connection) is the interface between the loop and the appropriate LEC Central Office switching equipment.

L. Nonfacilities-based CLCs are those which do not directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances in connection with or to facilitate communications within the local exchange portion of the public switched network.

M. Facilities-based CLCs are those which directly own, control, operate, or manage conduits, ducts, poles, wires, cables, instruments, switches, appurtenances, or appliances in connection with or to facilitate communications within the local exchange portion of the public switched network.

N. Service territory means the area in which a CLC is authorized to provide service.

O. An intercompany interconnection service order is a request for interconnection of trunks and/or facilities between CLCs and/or LECs.

P. Warm-line refers to residential customer access to E-911 service after disconnection for nonpayment and for newly installed lines.

4. ENTRY, CERTIFICATION, AND REGULATION OF CLCs

A. The Commission shall grant a Certificate of Public Convenience and Necessity (CPCN) to any applicant that possesses

12/20/95

APPENDIX C

Page 5

the requisite managerial qualifications, financial resources, and technical competence to provide local exchange telecommunications services.

B. The Commission shall apply the following financial standards to the certification of CLCs:

- (1) All new applicants seeking CPCNs for authority to become facilities-based CLCs, as defined in this decision, shall demonstrate in their applications that they possess a minimum of \$100,000 of cash or cash equivalent as defined below, reasonably liquid and readily available to meet the firm's start-up expenses. Such applicants shall also document any deposits required by local exchange companies or interexchange carriers (IECs) and demonstrate that they have additional resources to cover all such deposits.
- (2) All new applicants seeking CPCNs for authority to become nonfacilities-based CLCs, as defined in these rules, shall demonstrate in their applications that they possess a minimum of \$25,000 of cash or cash equivalent as defined below, reasonably liquid and readily available to meet the new firm's expenses. Such applicants shall also document any deposits required by LECs or IECs and demonstrate that they have additional resources to cover all such deposits.
- (3) Applicants for CPCNs as CLCs who have profitable interstate operations may meet the minimum financial requirement by submitting an audited balance sheet and income statement demonstrating sufficient cash flow, as authorized in Decision (D.) 91-10-041 for NDIECs.
- (4) New applicants for CPCNs as CLCs shall be permitted to use any of the following financial instruments to satisfy the applicable unencumbered cash requirements established by this order.

12/20/95

APPENDIX C

Page 6

- (a) Cash or cash equivalent, including cashier's check, sight draft, performance bond proceeds, or traveler's checks;
- (b) Certificate of deposit or other liquid deposit, with a reputable bank or other financial institution;
- (c) Preferred stock proceeds or other corporate shareholder equity, provided that use is restricted to maintenance of working capital for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
- (d) Letter of credit, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission;
- (e) Line of credit or other loan, issued by a reputable bank or other financial institution, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
- (f) Loan, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission, and payable on an interest-only basis for the same period;
- (g) Guarantee, issued by a corporation, copartnership, or other person or association, irrevocable for a period of at least twelve (12) months beyond certification of the applicant by the Commission;

12/20/95

APPENDIX C

Page 7

- (h) Guarantee, issued by a qualified subsidiary, affiliate of applicant, or a qualified corporation holding controlling interest in the applicant, irrevocable for a period of at least twelve (12) months beyond the certification of the applicant by the Commission.
- (5) The definitions of certain of the financial instruments listed in 4.B (4) and our intent on nondiscriminatory application of these definitions are clarified as follows:
- (a) All unencumbered instruments listed in 4.a. through 4.h. above will be subject to verification and review by the Commission prior to and for a period of twelve (12) months beyond certification of the applicant by the Commission. Failure to comply with this requirement will void applicant's certification or result in such other action as the Commission deems in the public interest, including assessment of reasonable penalties. (See PU Code §§ 581 and 2112.)
 - (b) Applicants for CPCNs as nonfacilities-based CLCs shall assure that every issuer of a letter of credit, line of credit, or guarantee to applicant will remain prepared to furnish such reports to applicant for tendering to the Commission at such time and in such form as the Commission may reasonably require to verify or confirm the financial responsibility of applicant for a period of at least twelve (12) months after certification of the applicant by the Commission.
 - (c) All information furnished to the Commission for purposes of compliance with this requirement will be available for public inspection or made public, except in cases where a showing is made of a compelling need

12/20/95

APPENDIX C

Page 8

to protect it as private or proprietary information.

C. The Commission shall apply the following other standards to its regulation of CLCs:

- (1) Applicants which currently hold CPCNs as telecommunications providers should apply as prescribed herein to have their current authority expanded to include operating as a CLC.
- (2) Applicants will be required to comply with CEQA as specified in Rule 17.1 of the Commission's Rules of Practice and Procedure
- (3) If a CLC is 90 or more days late in filing the annual report required by General Order (GO) 104-A or in remitting any current or future Commission-mandated surcharge, including but not limited to Universal Lifeline Telephone Service Fund (Public Utilities (PU) Code § 879), DEAF Trust Fund (PU Code § 2881(d), the California High Cost Fund (PU Code § 739.3), or the user fees on intrastate revenues (PU Code §§ 431-435), the Commission Advisory and Compliance Division (CACD) shall prepare a resolution for the Commission's consideration revoking the CLC's CPCN, unless the CLC has received written permission from the CACD to file or remit late.

D. The CACD shall on or before January 1, 1997, and at least one time each year thereafter, prepare a list of all current CLCs in good standing operating in California, including addresses, phone numbers, and the name of the responsible contact person at each such utility, and then disseminate that list to all other telecommunications utilities including the local exchange companies and IECs and will provide the list at the Commission's standard per page charge to any other interested party having requested such list.

E. CLCs shall be subject to the following tariff and contract filing, revision and service pricing standards:

12/20/95

APPENDIX C

Page 9

- (1) Uniform rate reductions for existing tariff services shall become effective on five (5) working days' notice to the Commission. Customer notification is not required for rate decreases.
- (2) Uniform major rate increases for existing tariff services shall become effective on thirty (30) days' notice to the Commission, and shall require bill inserts, or a message on the bill itself, or first class mail notice to customers at least 30 days in advance of the pending rate increase.
- (3) Uniform minor rate increases shall become effective on not less than five (5) working days' notice to the Commission. Customer notification is not required for such minor rate increases.
- (4) Advice letter filings for new services and for all other types of tariff revisions, except changes in text not affecting rates or relocations of text in the tariff schedules, shall become effective on forty (40) days' notice to the Commission.
- (5) Advice letter filings revising the text or location of text material which do not result in an increase in any rate or charge shall become effective on not less than five (5) days' notice to the Commission.
- (6) Contracts shall be subject to GO 96-A rules for NDIECs, **except interconnection contracts.**
- (7) CLCs shall file tariffs in accordance with PU Code Section 876.

F. The following regulations shall apply to CLCs:

- (1) CLCs shall be required to serve customers requesting service within their designated service territory on a nondiscriminatory basis, but shall not be required to have the same service territory as LEC service territories;

12/20/95

APPENDIX C

Page 10

- (2) Facilities-based CLCs shall at a minimum serve all customers who request service and whose premises are within 300 feet of the CLC's transmission facilities used to provide service so long as the CLC can reasonably obtain access to the point of demarcation on the customer's premises, but the CLC shall not be required to build out facilities beyond such 300 feet.
- (3) CLCs shall file service territory maps with the Commission that detail the area in which the CLC is authorized to provide service.
- (4) CLCs shall file quarterly a written description or a map that describes its existing physical facilities.
- (5) For any interexchange carrier which subscribes to a CLC's switched access services, the CLC is required to provide 1+ presubscription or 10XXX equal access consistent with the equal access rules of this Commission and of the Federal Communications Commission.
- (6) Facilities-based CLCs are required to make all telecommunications service offerings available for resale, only within the same class of service, on a nondiscriminatory basis.
- (7) CLCs shall be subject to the obligations of public utilities under the PU Code including but not limited to, §§ 451 and 453, dealing with the provision of just and reasonable rates and charges;
- (8) CLCs must obtain Commission approval before discontinuing service in any part of their service area.
- (9) CLCs shall provide E-911 service.

12/20/95

APPENDIX C

Page 11

(10) To ensure that qualified customers are provided with telecommunication devices for the deaf (TDDs) or other telecommunication equipment under the Deaf and Disabled Telecommunications Program (DDTP) program:

- (a) CLCs should contract with Pacific Bell, GTE of California, the California Telephone Association or Thomson Consulting to offer equipment and services to eligible deaf and disabled customers. These contracts should be interim pending the outcome of continued workshops to determine how CLCs should participate in the DDTP over the long term.
- (b) CLCs shall specify in their tariffs how they will offer DDTP services.

(11) CLCs shall respond promptly to their customer's 611 repair calls by either using their own service technicians or through contractual arrangements. The CLC shall disclose the procedure for ordering repair service at the time the customer initiates service as well as on the monthly customer bill.

- (a) LECs shall institute a referral system to direct CLC customers who dial "611" to the appropriate CLC for service or to the Commission's Consumer Affairs Branch if the CLC's identity is unknown.
- (b) CLCs shall institute a similar referral system to direct calls of other competitor's customers seeking repair service.

(12) CLCs shall be subject to the consumer protection rules contained in Appendix B of D.95-07-054.

(13) CLCs shall provide the following reports to the Commission:

12/20/95

APPENDIX C

Page 12

- (a) On a quarterly basis, a copy of all written notices provided to customers, in accordance with Rules 1, 2 and 6 of the consumer protection rules set forth in Appendix B;
 - (b) By April 1 of each year a copy of the CLC's annual report;
 - (c) On a monthly basis, reports regarding major service outages;
 - (d) Reports required in GO 133-B and GO 152-A; and
 - (e) Such other reports required by the Commission.
- (14) CLCs shall submit all mandated bill insert notices, including notices of basic universal service rate increases, to the Commission's Public Advisor's Office for review and approval, and shall allow the Public Advisor's Office at least five working days to review and approve the proposed bill inserts prior to their issuance to customers.
- (15) CLCs shall deposit customer deposits in a protected, segregated, interest-bearing escrow account subject to Commission oversight.
- (16) CLCs shall inform each new customer, in writing and in the language in which the sale was made, of the availability, terms, and statewide rates of Universal Lifeline Telephone Service and basic service. CLCs shall also provide bills, notices, and access to bilingual customer service representatives in the languages in which prior sales were made.
- (17) Redlining is prohibited and the Commission shall take strong action against any carrier engaging in redlining.

12/20/95

APPENDIX C

Page 13

5. REGULATION OF LECs

A. Incumbent LECs shall have provider of last resort responsibilities in their service areas until the Commission makes a decision on the issue in its Universal Service docket.

6. INTERIM NUMBER PORTABILITY

(The rules on Interim Number Portability (INP) will be issued concurrently with the Commission's decision adopting INP rates.)

7. INTERCONNECTION OF LEC AND CLC NETWORKS
FOR TERMINATION OF LOCAL TRAFFIC

A. The interconnection of LEC and CLC networks for the termination of local traffic involves not only the construction and maintenance of the interconnecting facilities, but also the throughput of local terminating traffic across those interconnecting facilities. Local exchange networks shall be interconnected so that customers of any local exchange carrier can seamlessly receive calls that originate on another local exchange carrier's network and place calls that terminate on another local exchange carrier's network without dialing extra digits.

B. In the interim, local traffic shall be terminated by the LEC for the CLC and by the CLC for the LEC over the interconnecting facilities described in this Section on the basis of mutual traffic exchange. Mutual traffic exchange, also known as "bill and keep," means the exchange of terminating local traffic between or among CLCs and LECs, whereby LECs and CLCs terminate local exchange traffic originating from end users served by the networks of other LECs or CLCs without explicit charging among or between said carriers for such traffic exchange.

C. Bill and keep rules apply to all local calls (including calls within a 12 mile radius and EAS and ZUM Zone 3) between a

12/20/95

APPENDIX C

Page 14

CLC network and a LEC end office, even if the call is routed through an access tandem. Toll free, directory assistance, busy line verification, and emergency interrupt calls are not subject to bill and keep provisions.

D. For intralATA toll calls, CLCs shall pay terminating access charges based on the LECs' existing switched access tariffs.

E. If a CLC uses a LEC tandem to route a call to another CLC, the LEC may impose a charge for the service.

F. Before December 31, 1996, the Commission will review the appropriateness of a bill and keep system, and modify if necessary.

G. CLCs and LECs shall negotiate interconnection arrangements which shall contain mutually agreeable points of interconnection. Upon reaching agreement on the terms of interconnection, parties to the agreement shall file the agreement via advice letter with the Commission for expedited review and approval. Parties shall develop compensation provisions that appropriately reflect the usage of facilities. In the event parties are unable to reach agreement, parties may designate their own separate points of interconnection for terminating local traffic on each other's networks, if mutually agreeable, until the dispute is resolved by the Commission.

H. Virtual or physical collocation interconnection arrangements are not precluded, and may be implemented by mutual agreement, but shall not be a mandatory form of LEC-CLC interconnection.

I. Two-way trunking will be more conducive to efficient network utilization in a competitive environment. If two way trunks are used, CLCs shall submit percentages on a quarterly basis to LECs that represent the amount of local traffic a CLC is terminating on the LEC's network. Each CLC and LEC shall separately measure its total volumes and percentage of local usage sent to each carrier with which it interconnects and then exchange its measurements with that carrier as well as with CACD for monitoring purposes. Any independent verification of the

12/20/95

APPENDIX C

Page 15

traffic reported to CACD shall be funded jointly by all certificated local exchange competitors.

J. In every LATA where a carrier originates traffic and interconnects with another carrier, it must interconnect with all of the other carriers' access tandams.

K. If a CLC wishes to interconnect to an end office that is not SS7 capable, the LECs must accommodate the request via MF signaling.

L. Symmetrical rights and obligations shall apply to LECs as well as CLCs in the exchange of confidential information. Each party shall be responsible for designating which information it claims to be confidential.

M. CLCs' liability shall be no greater than the LECs' liability for any action or inaction resulting in a claim against a LEC. Parties may establish the actual limits which must be symmetrical.

N. No competitor shall have the ability to terminate another carrier's service without prior notice or opportunity for proper recourse.

O. LECs may require CLCs with no established credit record who order interconnection service to pay a deposit equal to an estimated two months of recurring flat-rated or usage-based interconnection charges based on the number and type of interconnection facilities ordered from the LEC. Bonds may not be required in addition to deposits.

P. Interconnection standards set forth in subsection 6 of GO 133-B shall apply to both LECs and CLCs.

- (1) An Intercompany Interconnection Held Service Order (IINHO) shall be reported when service is not provided within 15 days of the mutually agreed-upon due date. Local carriers shall file their IINHOS on the last day of the following month.
- (2) An IINHO report, broken down by individual CLC, shall contain the following information:

12/20/95

APPENDIX C

Page 16

- a. the service order number
- b. the due date
- c. the company requesting interconnection
- d. whether the IINSO is overdue to 15-20, 21-25, 26-30, 31-35, 36-40, 40-45, and over 45 days.
- e. the reporting unit (wire center or plant installation center)
- f. whether the IINSO is pending or complete
- g. an explanation for the IINSO

- (3) All local carriers shall refund nonrecurring interconnection charges for service orders held 45 days beyond the mutually agreed upon service date. Refunds do not apply if service order completion was delayed due to natural disasters, severe weather, labor disputes, or civil disturbances.

8. ADDITIONAL INTERCOMPANY ARRANGEMENTS

A. LECs shall provide certain essential services under reasonable and nondiscriminatory terms and conditions, either under tariff or by contract on an interim basis pending further determination in Phase II. These essential services include busy line verify/emergency interrupt, and inclusion of CLC customer listings in LECs' directory assistance databases.

B. CLCs shall have access to E-911 provided by the LEC under the same terms and conditions enjoyed by the LEC. LECs shall allow CLCs to connect to the LEC 911 tandems, routers, and other switching points serving the areas in which CLCs provide local exchange telecommunications services, for the provision of E-911 services and for access to all sustaining Public Safety Answering Points (PSAPs). CLCs shall compensate the LECs at a rate that covers the cost of providing access to E-911 and for any other related maintenance costs of E-911 databases.

- (1) Both facilities-based and resale CLCs shall provide residential customers access to E-911 service following disconnection due to nonpayment (i.e., "warm-line service"). Facilities-based CLCs and LECs must offer warm line service to resale CLCs. Resale CLCs shall offer warm line service to a customer as long as the

12/20/95

APPENDIX C

Page 17

CLC maintains an arrangement for resale service to the end user's premises. Following termination of the resale arrangement, the obligation to provide warm line service shall revert to the underlying facilities-based CLC or LEC.

- (2) LECs shall provision E-911 trunks within 30 business days from when ordered.
- (3) LECs shall charge CLC the LECs cost for provisioning maps of 911 tandem locations.
- (4) To ensure the timely update of 911 databases, CLCs shall provide information on new customers to the LEC within 24 hours of order completion. LECs shall update their databases within 48 hours of receiving data from the CLC. If the LEC detects an error in the CLC data, the data should be returned to the CLC within 48 hours from when it was first provided to the LEC.
- (5) LEC's shall ship Master Street Address Guide (MSAG) data to the CLC within 72 business hours from the time requested, either on paper, diskette, magnetic tape, or in a format suitable for use with desktop computers.
- (6) CLCs shall provide the 911 database administrator with any necessary information when interim number portability is discontinued to ensure proper and timely response to a 911 call.
- (7) CLCs are required to obtain a toll free number to serve as a contact point where PSAPs can obtain subscriber information from competent and trained personnel 24 hours a day, seven days a week. An industry-led task force shall monitor and enforce this requirement and distribute the toll free numbers to PSAPs.